

New Mexico

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Summary and Highlights

This snapshot analyzes the revenue sources and funding equity of district public schools and charter schools in New Mexico and in particular, Albuquerque for FY 2006-07 (Figure 1).¹

In the following figures, the statewide values show how much per pupil funding districts in the state received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to account for the fact that some districts enroll

more charter students than others and the district per pupil revenue varies between districts. The weighted values estimate how much more or less per pupil funding charter schools received compared to the funding district schools would have received to educate the same students. (See Methodology for details.)

Highlights of Our Findings

- New Mexico charter schools received \$9,240 in revenue per pupil compared to \$10,149 in revenue per pupil for district public schools—a difference of \$909, or 9.0 percent (Figures 1 and 2).
- New Mexico charter schools received \$9,240 per pupil in revenue, but district schools would have

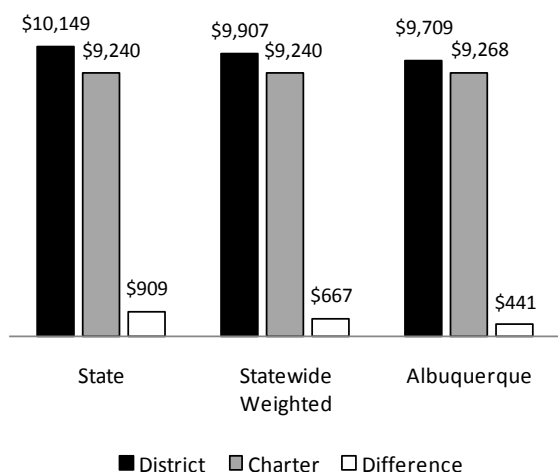
Figure 1: District and Charter School Revenues and Enrollments

New Mexico (2006-07)	Statewide		Statewide Weighted for Charter Enrollment		Albuquerque	
Per pupil Revenue						
District	\$10,149		\$9,907		\$9,709	
Charter	\$9,240		\$9,240		\$9,268	
Difference	(\$909) (9.0%)		(\$667) (6.7%)		(\$441) (4.5%)	
Per pupil Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	\$1,391	\$600	\$1,159	\$600	\$969	\$703
State	\$7,319	\$8,337	\$7,295	\$8,337	\$7,276	\$8,280
Local	\$1,439	\$303	\$1,453	\$303	\$1,464	\$286
Other	\$0	\$0	\$0	\$0	\$0	\$0
Indeterminate	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$10,149	\$9,240	\$9,907	\$9,240	\$9,709	\$9,268
Enrollment						
District	311,086 96.9%		N/A N/A		87,182 92.9%	
Charter	9,792 3.1%		N/A N/A		6,617 7.1%	
Charter Schools	61		N/A		35	
Total Revenue						
District	\$3,157,101,937 97.2%		N/A N/A		\$846,468,287 93.2%	
Charter	\$90,477,336 2.8%		N/A N/A		\$61,328,547 6.8%	
Total	\$3,247,579,273		N/A		\$907,796,834	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	13.7%	6.5%	11.7%	6.5%	10.0%	7.6%
State	72.1%	90.2%	73.6%	90.2%	74.9%	89.3%
Local	14.2%	3.3%	14.7%	3.3%	15.1%	3.1%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indeterminate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Change in district school funding if subjected to charter funding structure						
	(\$282.7 million)				(\$38.4 million)	

received an estimated \$9,907 to educate the same students – a difference of \$667, or 6.7 percent. Weighting the district per pupil revenue for charter enrollment, therefore, decreases the funding disparity by \$242.

- Albuquerque charter schools received \$9,268 in revenue per pupil compared to \$9,709 in revenue per pupil for district public schools—a difference of \$441, or 4.5 percent (Figures 1 and 2).
- Charter schools in New Mexico serve 3.1 percent of students, but receive only 2.8 percent of total public school revenues (Figures 1 and 2).

Figure 2: Per Pupil Total Revenue for New Mexico District vs. Charter Schools, FY 2006-07



Primary Reasons for Funding Disparities

- District vs. charter school* per pupil revenues are nearly at parity in the Albuquerque district, a difference of only \$441 per pupil (4.5 percent), which may be due to differing student needs. However, differing student needs and school characteristics statewide are insufficient to account for the large *district vs. charter school* difference of \$909 per pupil (9.0 percent) – there is a funding disparity.
- Statewide, charter schools receive less federal revenue per pupil than district schools (\$600 vs.

\$1,391); more state revenue per pupil than district schools (\$8,337 vs. \$7,319); and less local revenue per pupil than district schools (\$303 vs. \$1,439). Charter schools do not have as much access to federal revenues and local revenues as district schools. A portion of the federal disparity is due to a higher percentage of district schools being eligible for Title 1 funding, 71.5 percent vs. 45.0 percent for charter schools. (Figure 5). During this reporting period, charter schools also did not have equal access to facilities funding. One factor contributing to charter schools having higher state revenues than district schools is that charter schools have a higher percentage of high school students than district schools; 40.2 percent vs. 27.7 percent, respectively. High school students are funded at a slightly higher rate per pupil (Figure 5).

How New Mexico Funds Its District Schools

Revenue is distributed to public schools via three separate allocations:

- State Equalization Guarantee Distribution (SEG): SEG accounts for more than 90 percent of school districts' operational revenue.
- Transportation Distributions: Transportation revenues are allocated to each school district according to a statutory formula.
- Supplemental Distributions: The Secretary of Education is authorized to make supplemental distributions for: out-of-state tuition, emergency distributions, and emergency capital outlay.

New Mexico maintains a State Equalization Guarantee computation that provides different weights for: kindergarten and three-to-four-year olds, grade 1, grades 2-3, grades 4-6, grades 7-12, special education based on level of need, bilingual, fine arts, and elementary physical education program.

Public school capital outlay financing is both a local and state responsibility in the state of New

Mexico. School districts can generate state revenues through two statutory measures. One measure is through direct legislative appropriations, which provides funding for specific needs. The second is through a standards based process under the Public School Capital Outlay Act. Locally, districts can generate capital outlay revenues from the sale of bonds, direct levies, earnings from investments, rents, sales of real property and equipment, as well as other sources.

How New Mexico Funds Its Charter Schools

Charter schools are required to receive funding equal to at least 98 percent of the school-generated program cost (i.e., actual costs that schools incur for providing programs). The 2 percent is held back by the associated district. Additional funding is available from the state to assist with the start-up of new charter schools. One-year state stimulus funds are awarded on a competitive basis and are to be used for costs associated with start-up operations.⁶

Figure 3: State Charter School Policies

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state			X ²
Charter schools are eligible for local funding		X	
Cap on funding a charter school can receive		X	
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)	X		
Charter schools receive differential funding	X		
State allows district to withhold funding from charter schools for providing administrative services	X ³		
State "holds harmless" district funding for charter enrollment		X	
School is considered LEA if authorized by non-district organization	X ²		
School is considered LEA if authorized by district		X ²	
Cap on number of charter schools		X ⁴	
Cap on number of charter schools authorized per year	X		
Cap on number of students attending charter schools		X	
Charter schools have an open enrollment policy	X ⁵		

Facility Funding

Prior to April 2007 charter schools did not have equal access to state and local facilities funding. SB 634, signed into law in April 2007, gives charter schools equal access to facilities funding, with a few caveats.⁷

Through FY 2006-07, New Mexico provided little facilities assistance to charter schools. District facilities that were vacant could be used by charter schools as long as there was no cost to the district. While charter schools could utilize these facilities free of charge, the charter school was responsible for all operating and maintenance expenses. These "opportunities" were not readily available to charter schools. In contrast, district schools rely on county governments to issue and repay bonds for school construction, maintenance, and renovation.

Primary Revenue Sources for New Mexico Public Schools

Nearly all state-level school district operational funds are distributed through the Public School Fund. Revenues are derived from the following sources: the General Fund, the Current School Fund, and the Federal Mineral Leasing Revenue. Only one significant state appropriation is not distributed through the Public School Fund, the Free Textbook appropriation, which is made from Federal Mineral Leasing revenue. The remainder of the Federal Mineral Leasing revenue is deposited to the Public School Fund. The Free Textbook allocation is made on the basis of the 40th day membership.

General fund revenues include: general and gross receipts tax, income tax, interest earnings, rents and royalties, severance tax, and license fees.

Figure 4 illustrates the fact that on a per pupil basis, charter schools receive less federal revenues and local revenues than district schools. State revenues are greater for charter schools than for district schools – thus reflecting a partial equalizing effect.

Figure 4: Per Pupil Revenue by Source for New Mexico District vs. Charter Schools, FY 2006-07

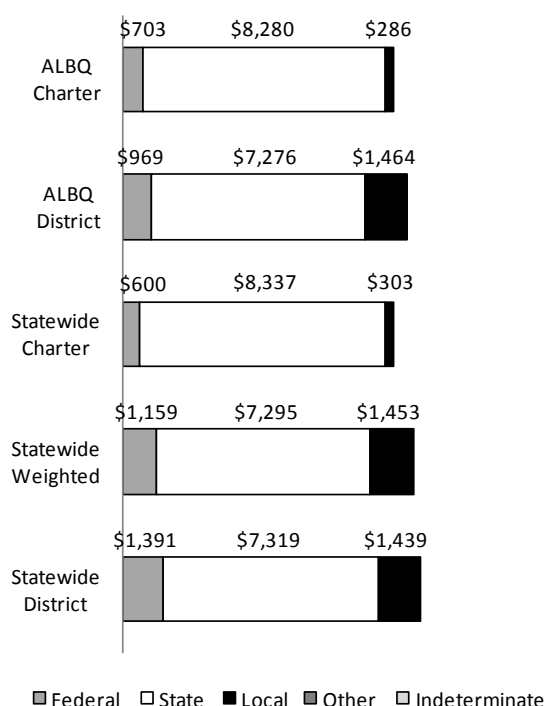


Figure 5 illustrates that charter schools have a smaller percentage of students eligible for free or reduced price lunch and Title 1 funding than district schools – 48.7 percent vs. 61.1 percent, and 45.0 percent vs. 71.5 percent, respectively. Charter schools have a higher percentage of high school students than district schools – 40.2 percent vs. 27.7 percent, respectively. High school students are funded by the state at the highest per pupil amount. This difference accounts for some of the higher per pupil state revenues for charter schools compared to district schools.

Figure 5: School Characteristics

New Mexico (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	61.1%	48.7%
Percentage of schools eligible for Title I	71.5%	45.0%
Percentage of students by school type:		
Primary (K-5)	48.9%	30.0%
Middle (6-8)	20.9%	10.3%
High (9-12)	27.7%	40.2%
Other (K-12, K-8, etc.)	2.5%	19.6%

State Scorecard

We have assigned ratings to each state based on the quality of data available, as well as to the extent to which charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged “Data Availability” on the ease of access to the information needed for this study and others like it. A rating of “Yes” means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of “Partial” means some but not all of the data for this study were available either through web sources or through state departments of education. A rating of “No” means the data were not available either through web sources or through state departments of education.

Separately, we judged “Funding Formula” based on whether or not charters were considered local education agencies (LEAs) for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding. “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. “No” means charters in the state are never considered an LEA for funding purposes. A state received a rating of fair and equitable funding if charters received fair and

Figure 6: State Scorecard

Findings		NM
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	N ⁸
	Percentage of local revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	Y
	Percentage of facilities revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	Y
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	P ²
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	N

equitable revenue in all four revenue streams listed. Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

Endnotes

¹ The source for revenue and enrollment data was the New Mexico Public Education Department (PED) web site. The Excel revenue file was named: "C1-182 2006-2007 Actual Revenues (All Funds).xls." The enrollment report was named: "Total Student Enrollment by District and School, School Year 2006-2007."

² Charter schools are authorized either by local school districts or by the state via the Public Education Commission (since 3/2006). District approved charter schools are considered part of their chartering district, receive their funding directly from their district, and are considered a component unit of the authorizing district for purposes of audits; they do not have individual LEA status, and revenues are passed through the local school district. Public Education Commission (PEC) authorized charter schools are referred to as "independent" of school districts," and their boards are treated as local school district boards; they have LEA status, and revenues are passed through the state

³ According to NM 22-8B-14, "The amount of funding allocated to a charter school shall be not less than ninety-eight percent of the school-generated program cost. The school district or division may withhold and use two percent of the school-generated program cost for its administrative support of a charter school."

⁴ New Mexico has a cap of 75 new and 25 conversion charter schools in a five-year period, with no more than 15 start-up schools and five conversion schools per year. If there are less than 15 start-up schools and/or five conversion schools, the number of schools remaining in that year can be transferred to succeeding years.

⁵ New Mexico charter schools are open to all students in the district. While selective

admissions processes are not permitted, charter schools can provide preference for enrollment to returning students. The Education Commission of the States reports that the state has enacted two open enrollment policies: mandatory intra-district open enrollment for students in low performing schools and a voluntary intra-district open enrollment policy to allow local school boards to admit students from other districts if they choose to participate.

⁸ Although Figure 6 indicates that charter schools do not receive local funding according to state statute, Figure 1 shows a small amount of local funding for charter schools. This amount consists of earnings on investments, activity fees, and other non-tax revenues; and may include immaterial amounts of local revenues not required by state statutes.

⁶ State and federal grants are non-recurring, competitive sources of revenue for charter schools. These grants last for one year for state stimulus grants and three years for federal stimulus grants. The use of these monies is also strictly managed and may only be used for one-time expenses, like purchase of student furniture, supplies, professional development, and curriculum alignment.

⁷ Prior to April 2007 charter schools did not have equal access to state and local facilities funding. Charter schools received \$700 per student from a capital outlay fund, which assisted charter schools to cover building costs. The charter schools stimulus fund contained appropriations for initial start-up costs and initial facilities costs [NM 22-8B-14]. In April 2007, New Mexico signed into law: AN ACT RELATING TO PUBLIC SCHOOLS; PROVIDING PROCEDURES FOR MEETING THE NEEDS OF STATE-CHARTERED AND LOCALLY CHARTERED CHARTER SCHOOLS FOR ADEQUATE FACILITIES; CREATING A FUND. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO: Section 1. A new section of the Public School Capital Outlay Act, Section 22-24-6.1 NMSA 1978, is enacted to read: 22-24-6.1. PROCEDURES FOR A STATE-CHARTERED CHARTER SCHOOL. All of the provisions of the Public School Capital Outlay Act apply to an application by a state-chartered charter school for grant assistance for a capital project” [with some technical/computational exceptions]. See: <http://legis.state.nm.us/Sessions/07%20Regular/final/SB0634.pdf>.